



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

WENDY L. WATANABE
AUDITOR-CONTROLLER

MARIA M. OMS
CHIEF DEPUTY

ASST. AUDITOR-CONTROLLERS

ROBERT A. DAVIS
JOHN NAIMO
JUDI E. THOMAS

August 10, 2010

TO: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **SPECIAL SERVICE FOR GROUPS CONTRACT REVIEW – A
DEPARTMENT OF CHILDREN AND FAMILY SERVICES AND MENTAL
HEALTH SERVICE PROVIDER**

We completed a program and fiscal contract compliance review of Special Service for Groups (SSG or Agency) to determine the Agency's compliance with two separate County contracts. The Agency contracts with the Department of Children and Family Services (DCFS) to operate the Wraparound Approach Services (Wraparound) Program to provide services to children and their families such as, therapy, housing, education and social assistance. SSG also contracts with the Department of Mental Health (DMH) to provide mental health services. The purpose of our review was to determine the appropriateness of the services provided based on available documentation. Our review also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines.

DCFS paid SSG on a fee-for-service basis at \$4,184 per child per month or approximately \$1.4 million per year for Fiscal Years (FY) 2007-08 and 2008-09. DMH paid SSG on a cost-reimbursement basis between \$1.92 and \$4.59 per minute of staff time (\$115.20 to \$275.40 per hour) or approximately \$26 million per year for FYs 2007-08 and 2008-09. The Agency's headquarters is located in the First District.

Results of Review

DMH Program Review

SSG staff assigned to the DMH program possessed the required qualifications. However, SSG did not always comply with the County contract requirements. Specifically, SSG did not:

- Maintain documentation to support 690 (8%) of the 9,014 service minutes for mental health services totaling \$1,732.

SSG' attached response indicates that SSG will repay DMH \$1,732.

- Complete some elements of the participants' Assessments, Client Care Plans, Progress Notes and Weekly Summaries in accordance with the County contract.

SSG' attached response indicates that SSG implemented steps to ensure that the Agency is in 100% compliance with the requirements of the contract regarding complete and proper documentation.

- Document the Informed Consent for five (50%) of the ten clients' charts sampled, in which the clients received treatment with psychotropic medication.

SSG' attached response indicates that the Agency will ensure that Informed Consent is obtained and documented in the clients' charts.

DMH and Wraparound Programs Fiscal Review

SSG charged DMH for questioned costs and did not reserve \$124,967 in excess Wraparound funds. Specifically, SSG charged:

DMH Program

- DMH for five employees' payroll costs based on budget rather than actual hours worked. The total amount allocated to the DMH program was \$11,996.

SSG' attached response indicates that the Agency will work with DMH on how to settle the questioned amount.

- DMH for 100% of two employees' payroll expenditures totaling \$1,526 who worked on DMH and non-DMH programs.

SSG' attached response indicates that the Agency will work with DMH on how to settle the questioned amount.

- DMH \$125,003 during FY 2007-08 and \$87,577 during FY 2008-09 for subcontractor fees without an invoice or other documentation to support the costs. Subsequent to our review, SSG provided documentation to support the subcontractor costs.

SSG' attached response indicated that they will ensure that expenses are properly invoiced and documented.

- DMH \$650 for non-DMH related consultant fees.

SSG' attached response indicates that they will revise the FY 2007-08 Cost Report and reduce program expenditures by \$650.

Wraparound Program

At the end of each DCFS Wraparound Program year, the Agency is allowed to retain unspent funds up to ten percent of their program expenditures for future Wraparound Program use and return any funds in excess of ten percent to the County. For the program year ending April 30, 2008, SSG' unspent Wraparound funds totaled \$124,967 and program expenditures totaled \$1,283,015. However, SSG did not reserve the \$124,967 for future Wraparound use as required by the County contract.

SSG' attached response indicates that the Agency reserved the recommended funds and will use for Wraparound services in subsequent years.

We have attached the details of our review along with recommendations for corrective action.

Review of Report

We discussed the results of our review with SSG, DMH and DCFS. In the attached response, the Agency concurred with our recommendations and agreed to repay DMH \$15,904 (\$1,732 + \$11,996 + \$1,526 + \$650) and reserve the \$124,967 in unspent Wraparound funds. DMH will follow-up to ensure that the recommendations are implemented.

Board of Supervisors
August 10, 2010
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We thank SSG management for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (213) 253-0301.

WLW:MMO:JET:DC:EB

Attachment

c: William T Fujioka, Chief Executive Officer
Dr. Marvin J. Southard, Director, Department of Mental Health
Patricia S. Ploehn, Director, Department of Children and Family Services
John Eckman, President, Board of Directors, SSG
Herbert Hatanaka, Executive Director, SSG
Public Information Office
Audit Committee

**DEPARTMENT OF MENTAL HEALTH AND WRAPAROUND PROGRAMS
SPECIAL SERVICE FOR GROUPS
FISCAL YEARS 2007-08 AND 2008-09**

BACKGROUND/PURPOSE

Under the Department of Children and Family Services (DCFS) Wraparound Approach Services (Wraparound) Program, Special Service for Groups (SSG or Agency) provides individualized services to children and their families such as therapy, housing, educational, and social assistance. Under the contract with Department of Mental Health (DMH), SSG provides mental health services, which include interviewing program participants, assessing their mental health needs, and developing and implementing a treatment plan.

The purpose of our program review of the mental health services was to determine the appropriateness of the services provided based on available documentation. This included a review of the Agency's billings, participant charts, and personnel and payroll records. We also interviewed a number of the Agency's staff.

The purpose of the fiscal review of the DCFS Wraparound Program and mental health services was to determine whether SSG appropriately accounted for and spent Wraparound and DMH funds providing the services outlined in their County contracts. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines.

BILLED SERVICES

Objective

Determine whether SSG provided the services billed in accordance with their County contract with DMH.

Verification

We judgmentally selected 45 billings totaling 9,014 minutes from 866,649 service minutes and ten full-day billings from 721 service days of approved Medi-Cal billings for November and December 2008. We reviewed the Assessments, Client Care Plans, Progress Notes, Weekly Summaries and Informed Consents maintained in the clients' charts for the selected billings. The 9,014 minutes and ten days represent services provided to 30 program participants. In addition, we reconciled an additional 190 service days billed for the Day Rehabilitation Program to the client sign-in sheets.

Results

SSG maintained documentation to support 97% of the 190 services days sampled for the Day Rehabilitation Program. However, SSG billed DMH for 690 (8%) of the 9,014

service minutes without Progress Notes to support the services in the clients' charts totaling \$1,732.

The Agency did not always complete the Assessments, Client Care Plans, Informed Consent and Progress Notes in accordance with the County contract requirements.

Assessments

SSG did not adequately describe the symptoms and behaviors exhibited by the client to support the Agency's clinical diagnosis for three (10%) of the 30 clients sampled on their Assessments. An Assessment is a diagnostic tool used to document the clinical evaluation of each client and establish the client's mental health treatment needs. The County contract requires Agencies to follow the Diagnostic and Statistical Manual of Mental Disorders (DSM) when diagnosing clients. The DSM is a handbook published by the American Psychiatric Association for mental health professionals, which lists different categories of mental disorder and the criteria for diagnosing them.

Client Care Plans

SSG did not complete the Client Care Plans for three (10%) of the 30 clients sampled in accordance with the County contract. Specifically:

- Three Client Care Plans contained goals that were not observable and/or quantifiable. We had a similar finding during our prior monitoring review.
- One Client Care Plan did not contain goals and planned interventions for each type of treatment provided.

The number of incomplete Client Care Plans above exceeds the total number of Client Care Plans in question because one Client Care Plan had both findings.

Progress Notes

The Agency did not complete nine (20%) of the 45 Progress Notes in accordance with the County contract. Specifically:

- Four Progress Notes for the Medication Support Services did not indicate that the clients were questioned about side effects, response to medication and medication compliance. We had a similar finding during our prior monitoring review.
- Four Progress Notes documented services with more than one staff present during an intervention and did not describe the specific contribution of each staff.
- One Progress Note did not describe what the clients or service staff attempted and/or accomplished towards the clients' goals.

Day Rehabilitation Program

SSG did not always comply with the County contract requirements in documenting the services provided for the Day Rehabilitation Program. Specifically:

- Six Weekly Summaries documented that clients were present for the full duration of the program. However, the clients did not indicate the actual time in and out of the program on the sign-in sheets. Due to the discrepancies between the Weekly Summaries and the client sign-in sheets, we were unable to determine whether the clients were present at least 50% of the program as required.
- One Weekly Summary did not describe what the clients or service staff attempted and/or accomplished towards the client's goals.
- Two Weekly Summaries did not contain documentation indicating that there was at least one contact per month with a family member, caregiver or other significant support person identified by the clients.

Informed Consent

SSG did not document the Informed Consent for five (50%) of the ten clients' charts sampled, in which the clients received treatment with psychotropic medication. Informed Consent is the client's agreement to a proposed course of treatment based on receiving clear, understandable information about the treatments' potential benefits and risks.

Recommendations

SSG management:

- 1. Repay DMH \$1,732.**
- 2. Ensure that service minutes billed are supported.**
- 3. Ensure that Assessments, Client Care Plans, Progress Notes and Weekly Summaries are completed in accordance with the County contract.**
- 4. Ensure that service days billed for the Day Rehabilitation Program are supported with adequate documentation.**
- 5. Ensure that at least one monthly contact is made and documented with a family member, caregiver or other significant support person identified in the clients' treatment plans.**

6. Ensure that Informed Consent is obtained and documented in the client's chart prior to treatment with psychotropic medication.

STAFFING LEVELS

Objective

Determine whether the Agency maintained the appropriate staff to client ratio of 1:10 in its Day Rehabilitation Program as required by the County contract.

Verification

We reviewed ten days of the client sign-in sheets, staff rosters and staff timecards for November and December 2008.

Results

SSG met the staff ratio requirements for the ten days sampled.

Recommendation

None.

STAFFING QUALIFICATIONS

Objective

Determine whether SSG' treatment staff possessed the required qualifications to provide the services.

Verification

We reviewed the California Board of Behavioral Sciences' website and/or the personnel files for 20 of the 223 SSG treatment staff who provided services to DMH clients during November and December 2008.

Results

Each employee in our sample possessed the qualifications required to provide the services billed.

Recommendation

None.

UNSPENT WRAPAROUND REVENUE

SSG' Wraparound contract with DCFS allows the Agency to retain unspent revenue up to ten percent of their operating expenditures. The Agency is required to place the excess funds in a reserved account for future Wraparound Program expenditures. Any funds in excess of ten percent are required to be returned to the County.

For the program year ending April 30, 2008, SSG' unspent Wraparound funds totaled \$124,967 and program expenditures totaled \$1,283,015. However, SSG did not reserve the \$124,967 for future Wraparound use as required by the County contract.

Recommendation

7. **SSG management reserve \$124,967 to ensure that the funds are used to provide Wraparound Program services in subsequent years.**

CASH/REVENUE**Objective**

Determine whether cash receipts and revenue were properly recorded in the Agency's financial records and deposited timely in their bank account. In addition, determine whether the Agency maintained adequate controls over cash and other liquid assets.

Verification

We interviewed SSG management and reviewed the Agency's financial records. We also reviewed three bank reconciliations for January 2009.

Results

SSG maintained adequate controls to ensure that cash, liquid assets and revenue was properly recorded and deposited in a timely manner.

Recommendation

None.

COST ALLOCATION PLAN**Objective**

Determine whether SSG's Cost Allocation Plan is prepared in compliance with the County contract and the Agency used the Plan to appropriately allocate shared program expenditures.

Verification

We reviewed the Agency's Cost Allocation Plan, interviewed management and reviewed their financial records.

Results

SSG' Cost Allocation Plan was prepared in compliance with the County contract and the costs were appropriately allocated.

Recommendation

None.

EXPENDITURES**Objective**

Determine whether the DMH and Wraparound Program related expenditures are allowable under their County contracts, properly documented and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records and documentation to support nine Wraparound expenditures totaling \$95,750 and 34 DMH expenditures totaling \$137,845 between July 2007 and January 2009.

Results

SSG' expenditures for the Wraparound Program were allowable, properly documented and accurately billed. However, SSG charged DMH for undocumented and unallowable expenditures. Specifically SSG charged DMH:

- \$125,003 during Fiscal Year (FY) 2007-08 and \$87,577 during FY 2008-09 for subcontractor fees without an invoice or other documentation to support the costs. Subsequent to our review, SSG provided documentation to support the subcontractor costs.
- \$650 for non-DMH related consultant fees.

During the contract year, DMH pays SSG a negotiated rate for their cost-reimbursement contract. At the end of the contract year, if the Agency's revenues exceed the actual expenditures on their Cost Report, the Agency must repay DMH for the excess amount received.

Recommendations

SSG management:

- 8. Reduce the FY 2007-08 Cost Report by \$650 and repay DMH for any excess amounts received.
- 9. Ensure that program expenditures are supported by adequate documentation.
- 10. Ensure that only allowable program expenditures are charged to the programs.

FIXED ASSETS

Objective

Determine whether fixed asset depreciation costs charged to the DMH and Wraparound Programs were allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel and reviewed the Agency's fixed assets and equipment inventory listing. In addition, we reviewed three fixed assets with depreciation costs of \$8,889 that the Agency charged to the DMH program between July 2008 and January 2009.

Results

The depreciation costs charged to DMH were allowable, properly documented and accurately billed.

Recommendation

None.

PAYROLL AND PERSONNEL

Objective

Determine whether payroll expenditures were appropriately charged to the DMH and Wraparound Programs. In addition, determine whether personnel files are maintained as required.

Verification

We traced the payroll expenditures for 35 employees totaling \$53,305 to the payroll records and time reports for the pay period ending February 15, 2009. We also interviewed eight employees and reviewed personnel files for the 35 employees.

Results

SSG' payroll expenditures were appropriately charged to the Wraparound Program. However, SSG charged DMH \$13,522 in questioned costs during FY 2008-09. Specifically, SSG charged DMH:

- \$11,996 for five employees' payroll expenditures based on budget rather than actual hours worked.
- \$1,526 for 100% of two employees' payroll expenditures who worked on DMH and non-DMH programs.

As indicated above, DMH pays SSG a negotiated rate for their cost-reimbursement contract during the year. At the end of the contract year, if the Agency's revenues exceed the actual expenditures on their Cost Report, the Agency must repay DMH for the excess amounts received.

Recommendations**SSG management:**

11. **Provide documentation to support the \$11,996 and reduce the FY 2008-09 DMH Cost Report by the unsupported amounts.**
12. **Allocate the \$1,526 to all benefited programs and reduce the FY 2008-09 Cost Report by the amounts allocated to non-DMH programs.**
13. **Bill payroll expenditures based on actual hours worked each day by program.**

COST REPORT**Objective**

Determine whether SSG' FY 2007-08 Cost Report reconciled to the Agency's accounting records.

Verification

We traced the Agency's FY 2007-08 Cost Report to the Agency's accounting records.

Results

The Agency's Cost Report reconciled to the Agency's accounting records.

Recommendation

None.

PRIOR YEAR FOLLOW-UP

Objective

Determine the status of the recommendations reported in the prior monitoring review completed by the Auditor-Controller.

Verification

We verified whether the outstanding recommendations from FYs 2004-05 and 2006-07 monitoring reviews were implemented. The DMH monitoring review report was issued on March 15, 2006 and the DCFS Wraparound monitoring report was issued on August 23, 2007.

Results

DMH Monitoring Report

The prior report contained two recommendations. SSG implemented one recommendation and did not implement the other recommendation. As previously indicated, the outstanding findings related to recommendation 3 contained in this report.

DCFS Wraparound Monitoring Report

The prior monitoring report contained four recommendations. SSG implemented all four recommendations.

Recommendation

- 14. SSG management implement the outstanding recommendation from the prior monitoring report.**



April 7, 2010

Herbert K Hatanaka, DSW
Executive Director

SSG PROGRAMS

Asian and Pacific Islander Mental Health Alliance

Asian Pacific AIDS Intervention Team (APAIT)

Asian Pacific Counseling & Treatment Centers (APCTC)

Asian Pacific Counseling & Treatment Centers - Metro Center

Asian Pacific Residential Treatment Program

Benefit Assistance Clients Urban Projects (BACUP)

Census Data & Geographic Information Services (CD&GIS)

Central Mental Health

Children's Dental & Outreach Project

Court Referral Service Project (CRS)

Faith In Communities (FIC)

Greater West Hollywood Food Coalition

Homeless Outreach Program (HOP)/ Integrated Care System (ICS)

Hurling & Hungry Project

Older Adults Program (OAP)

Occupational Therapy Training Program (OTTP)

Pacific Asian Alcohol & Drug Program (PAADD)

PALS for Health (PALS)

Parents Neighborhood Youth Program (PNYP)

Tungun Community Service Center

AFFILIATE ORGANIZATIONS

African American Alcohol and Other Drug Council (AAOD)

Orange County Asian & Pacific Islander Community Alliance (OCAPICA)

Tessie Cleveland Community Services Corporation

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Wendy L. Watanabe
Auditor-Controller
County of Los Angeles
Department of Auditor-Controller
Countywide Contract Monitoring Division
Los Angeles World Trade Center
350 South Figueroa Street (8th floor)
Los Angeles, CA. 90071

Attention: Susan Kim

**Re: Agency Response to Program and Fiscal Contract Compliance
Review of DCFS Wraparound and DMH Contracts
Program Years 2007-2008 and 2008-2009**

Dear Ms. Kim:

Attached is our Agency's response to the audit review report for the following contracts:

Department of Children and Family Services (DCFS) Wraparound
Department of Mental Health (DMH)

Please call Beth De Los Santos at (213) 553-1825 if you have any questions. Thank you.

Sincerely,

Herbert Hatanaka, DSW
Executive Director

Attachments





SPECIAL SERVICE FOR GROUPS
RESPONSE TO PROGRAM AND FISCAL CONTRACT MONITORING FOR
PROGRAM YEARS 2007-2008 AND 2008-2009
DEPARTMENT OF CHILDREN AND FAMILY SERVICES (DCFS)-
WRAPAROUND AND DEPARTMENT OF MENTAL HEALTH (DMH)

Billed Services

Recommendation:

1. Repay DMH \$1,732.
2. Ensure that service minutes billed are supported.
3. Ensure that Assessments, Client Care Plans, Progress Notes and Weekly Summaries are completed in accordance with the County Contract.
4. Ensure that service days billed for the Day Rehabilitation Program are supported with adequate documentation.
5. Ensure that at least one monthly contact is made and documented with a family member, caregiver or other significant support person identified in the clients' treatment plans.
6. Ensure that informed Consent is obtained and documented in the client's chart prior to treatment with psychotropic medication.

Agency's Response:

SSG concurs with the findings. These findings were oversights by the program since SSG has always complied with the requirements of the contract regarding complete and proper documentation. SSG has implemented steps to ensure that all client files have the required documents and these oversights do not occur in the future.

1. SSG will repay DMH \$1,732.
2. SSG will ensure that service minutes billed are supported.
3. Subsequent to this audit, SSG ensures that the agency is in 100% compliance with the requirements of the contract regarding complete and proper documentation.
4. SSG ensures that no oversight in documenting service days billed occurs in the future.
5. Program supervisors and managers will ensure that the monthly contact is made and documented by case workers.



6. SSG will ensure that informed Consent is obtained and documented in the client's chart consistently.

Unspent Wraparound Revenue

Recommendation:

7. Reserve \$124,277 to ensure that the funds are used to provide Wraparound program services in subsequent years.

Agency's Response:

7. SSG has reserved the recommended funds and ensured that they are used to provide Wraparound services in subsequent years.

Expenditures

Recommendation:

8. Reduce the FY 2007-2008 Cost Report by \$650 and repay DMH for any excess amounts received.
9. Ensure that program expenditures are supported by adequate documentation.
10. Ensure that only allowable program expenditures are charged to the programs.

Agency's Response:

- 8 Cost Report for 2007-2008 was submitted by SSG last year. SSG concurs with the findings and will await DMH's recommendation on repayment procedures.
- 9 SSG ensures that the expenses are properly invoiced and documented.
10. SSG will continue to ensure that program expenditures are properly and correctly charged.



Payroll and Personnel

Recommendation:

11. Provide documentation to support the \$11,996 charged to the DMH cost center and reduce the FY 2008-2009 DMH program expenditures by the unsupported amounts.
12. Allocate the \$1,526 to all benefited programs and reduce the FY 2008-2009 program expenditures by the amounts allocated to non-DMH programs
13. Bill payroll expenditures based on actual hours worked each day by program.

Agency's Response:

11. Payroll expense (\$11,996) is supported by time sheets for the employees who worked on the DMH programs. Time sheets indicated percentages of total time worked instead of actual hours. Subsequent to the audit, SSG changed employees' time sheets to reflect actual hours. 2008-2009 Cost report had been submitted to DMH. SSG will wait for DMH's decision on how this amount will be settled by SSG.
12. \$1,526 payroll expense is included in the 2008-2009 cost report submitted to DMH. The response is the same as #11. Percentage of time worked was used in time sheets instead of actual hours worked on the DMH programs.
13. Subsequent to the audit SSG ensures that expenditures are billed on actual hours actual hours, not percentage allocation of time worked on a program.

Prior Year Follow Up

Recommendation:

14. SSG management implements the outstanding recommendation from prior monitoring report.

Agency's Response:

14. SSG management ensures that clients' files contain all the necessary documents required by the contract.